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TAGS: [PREL](#) [OREP](#) [PGOV](#) [PARM](#) [UP](#)
SUBJECT: UKRAINE: YUSHCHENKO AND CODEL FRIST DISCUSS
COALITION, UKRAINE'S STRATEGIC PLACE, BILATERAL ISSUES

Classified By: Ambassador, reason 1.4 (b,d)

11. (C) Summary: President Yushchenko discussed Rada majority coalition possibilities, bilateral U.S.-Ukrainian issues, and his vision for Ukraine's future April 13 with a delegation led by Senator Majority leader Bill Frist (R-TN) and including Senators Judd Gregg (R-NH) and Richard Burr (R-NC).

Yushchenko expressed satisfaction with recent progress on forging a coalition between Our Ukraine, the Tymoshenko Bloc (BYuT), and the Socialist Party but emphasized that there needed to be two-three more weeks of work to resolve details to ensure that the "Coalition of Democratic Forces" worked more smoothly in 2006 than in 2005. Yushchenko said that Ukraine's future would be secure only through eventual membership in NATO and the EU, but Ukraine faced a much harder path than other Central European countries not as closely affiliated with Russia as Ukraine; certain forces within and without pushed Ukraine to take an Eastern path and sought to spoil her relations with the West. On bilateral issues, Yushchenko made a renewed pitch for energy cooperation "at a strategic level," focusing primarily on nuclear energy and on lessening Ukraine's complete dependency on Russia for nuclear fuel. He thanked the U.S. for assistance in combating avian flu, highlighted the possibilities for space cooperation, and asked for U.S. assistance in strengthening control of Ukraine's border with Moldova's Transnistrian region through modern border control technology.

12. (C) Comment: Tymoshenko had told us in an earlier April 13 meeting (septel) that she expected her party, Our Ukraine, and the Socialists to initial later in the day a preliminary document on the intention to create an Orange Coalition. Yushchenko in contrast told us that there would be such a coalition, but that he had instructed PM Yekhanurov to take two-three weeks to complete the document that the coalition partners would sign. Tymoshenko, Our Ukraine's Bezsmertny, and the Socialists' Moroz did in fact sign the protocol on forming a coalition late on April 13, according to press reports. This is very good news, the first clear public step committing the sides to an Orange Coalition. Nonetheless, Tymoshenko and Yushchenko demonstrated in their meetings very different time frames for reaching the final deal. In addition to the inking of the protocol, it is a positive sign that Yushchenko did not once criticize Tymoshenko. This is the first time since her sacking in September 2005 that Yushchenko has not done so in a meeting with us. End summary and comment.

Coalition of Democratic Forces Needs a Solid Program

13. (C) Senator Frist thanked Yushchenko for his April 2005 appearance before a joint session of Congress, congratulated Ukraine on holding free, open, and transparent elections, and noted that Ukraine had been a focus of discussion in their

previous stops in Moscow, Warsaw, and Tbilisi. The elections appeared to have reinforced the cause of reform that Yushchenko championed. The U.S. supported the establishment of a reform-oriented coalition. In their prior meeting with Yuliya Tymoshenko (septel), continued Frist, the Senators had made clear the importance of market-based reforms and of avoiding both price setting and overregulation. Tymoshenko had asked the Senators to pass a message to Yushchenko that she supported him, supported economic reform, and would denounce price setting and reprivatization. The Senators reiterated that the U.S. supported a coalition committed to reform.

¶4. (C) Yushchenko stated that the elections had clarified Ukraine's political situation. He was personally satisfied with the competitive campaign and the results, "with a few nuances" (i.e., his party's distant, third-place finish behind his fiercest competitors). Of most importance was that the coalition which had supported him in 2004 had "not lost a single vote" in 2006. Nearly all the parties that had run on an anti-NATO platform had disappeared, though some political forces remained under the influence of Moscow. The main question now was dealing with discrepancies within the majority.

¶5. (C) The new coalition government, Yushchenko continued, would be a democratic one, and would be "Orange." Yushchenko asked the Senators to pass the message in Washington that Ukraine's "democratic choice was not under threat." However, there remained a number of steps to ensure the Rada majority coalition to be formed would have a sustainable basis and could avoid the mistakes of the first Orange coalition in 2005 (which fell apart after seven months of governing). There would be no rush to sign a coalition agreement;

KIEV 00001481 002 OF 003

two-three weeks of hard work remained. Yushchenko stated he did not want a repeat of the reprivatization debacle and the meat, oil, and gas standoffs of 2005 (i.e., the Tymoshenko policies); that would set business-government relations back years.

¶6. (C) Yushchenko said the three parties (Our Ukraine, Tymoshenko bloc, Socialists) needed to sign a solid political agreement listing the dozens of problems Ukraine faced and how the coalition would solve them. Failing to do so would doom the coalition to another short, unsustainable stint. Yushchenko would insist on a clear path of Euro-Atlantic integration and the possibility of land sales (note: both of which would be resisted by the minority partner Socialists). The Premier would play the key role in implementation; that was why sorting out issues now and securing the support of all 243 MPs in the Our Ukraine, BYuT, and Socialist factions were important.

¶7. (C) Yushchenko expressed satisfaction with the progress in negotiations over the past several days. On the pending political reunion with Tymoshenko, Yushchenko denied any reluctance, noting that he had benefited in the past from partnering with her and appreciated her for what she had done, while adding: "but the devil is in the details." The task ahead for coalition negotiators over the next two weeks was to tease out the devils and deal with them. Yushchenko also gave high marks to the April 11 meeting he had convened with leaders of all five parties that will be represented in the next parliament (Rada), noting that apart from the Communists the other parties approached the dialogue constructively. As a result, he planned to hold another meeting toward the end of April.

Ukraine's strategic choice: NATO/EU (but Russia a factor)

¶8. (C) In response to Senator Burr's question about Yushchenko's vision for Ukraine in five years, Yushchenko said that Ukraine's strategic development was predicated on

eventual membership in NATO and the EU, fundamental goals that drove Ukraine's foreign policy. The European Parliament's April 6 resolution expressing desire to see Ukraine as an EU Associate Member particularly gratified Ukraine, especially since the current Ukraine-EU agreement expired in 2007.

¶9. (C) For Ukraine's future, integration into Western institutions was a strategic choice, stated Yushchenko, because Ukraine "was stretched Christ-like on a cross, crucified between West and East." He underscored Ukraine's vulnerability. Poland, Slovakia, Bulgaria, Romania and other central European countries had faced a simple decision to join Europe and pursue Euro-Atlantic integration; the only question had been when. For Ukraine, it was not just a question of when, but if, since there was an alternate choice pushed by political forces advocating an Eastern inclination, buttressed by outside forces engaged in projects to discredit Ukraine's reputation in the West. Both domestic and foreign forces supported a return to union (with Russia). Ukraine could go either East or West, but Ukraine chose West because that was the choice of hope. Yushchenko stressed that Ukraine's fate was also important for Europe itself.

¶10. (C) Yushchenko cited two specific rumors that had been planted in the media: that Ukraine had hosted a CIA-run terrorist detainee prison, and that extremists linked to Usama bin Laden had been allowed to be in Ukraine. He warned that the next rumor designed to create a scandal between the U.S. and Ukraine might be released in the coming days: that Ukraine had sold missiles to Iraq. "Do not believe the story if you hear it; it is not true." Russia was sending unsubtle hints as well: \$230 per thousand cubic meters of natural gas, plus dairy and meat bans. But he as President would make decisions about Ukraine's future solely on the basis of Ukrainian national interests, Yushchenko vowed, not on the narrow interests of certain political forces.

Bilateral Issues: Energy, Space

¶11. (U) Yushchenko thanked the Senators for the progress made in U.S.-Ukraine relations over the past year in resolving issues which had festered for years: the granting of Market Economy Status; the lifting of the Jackson-Vanik amendment; and the signing of a WTO protocol. U.S.-Ukrainian diplomatic activity had been intense, increasing the positive dynamics of the bilateral relationship.

¶12. (C) Yushchenko expressed hope for energy cooperation "at

KIEV 00001481 003 OF 003

the strategic level," stressing that the issue was "very, very important" to Ukraine, which needed to diversify its market and adjust to European standards where possible. The main issue concerned nuclear energy. Ukraine had 14 nuclear power reactors, nine or ten of which would reach the end of their planned lifetime in the next decade but could be extended another 15-20 years with proper upgrades. Ukraine also wished to diversify some of the fuel assemblies it used, switching to U.S. or European cycles. Finally, Ukraine, which mined its own uranium ore, was interested in enrichment/processing capacity to break its 100-percent dependency on Russia. Yushchenko mentioned natural gas pipeline projects only in passing but noted that he would meet (for the second time) with the head of the European Energy Agency later on April 13.

¶13. (SBU) Yushchenko welcomed the involvement of U.S. energy companies in such projects. Senator Burr replied that the U.S. wanted to be Ukraine's partner on such issues; the U.S. was also looking toward nuclear energy to supply a much larger share of future energy needs. Ukraine should be able to find new partners, whether it be General Electric or Toshiba; competition was good for all.

¶14. (U) Yushchenko thanked the U.S. for helping to combat avian flu. Thanks to U.S. assistance, Ukraine could now conduct analysis in-country, rather than sending samples to Western Europe. Avian flu was a serious issue for Ukraine and for neighboring countries and would not go away, since Ukraine straddled migratory bird routes.

¶15. (C) Yushchenko supported enhanced bilateral space cooperation. Ukraine had signed an agreement with NASA and was working on several technical projects. Ukraine had won a tender for the Brazilian Alcantara launch site; the first Ukrainian rocket should launch from Alcantara in 2007.

Transnistria -----

¶16. (C) Yushchenko thanked the U.S. for support of efforts to resolve the Transnistria conflict in Moldova. There were two elements on which Ukraine looked to the U.S. for further action. Politically, Ukraine hoped the U.S. could take advantage of the expanded 5-plus-2 format to renew negotiations. Technically, Ukraine needed help with modern management/control of its border with the Transnistrian region, currently a 450-km stretch riddled with forest footpaths and tracks without physical barriers and a history of active smuggling. The 100-person EU Border Assistance Mission (EUBAM) was a decent start, but Ukraine needed to set up new regulated checkpoints and install optical equipment to monitor more remote stretches. The Ukrainian ability to control its border was currently very weak.

¶17. (SBU) Senator Gregg, noting his responsibility for oversight of Homeland Security issues, replied that the U.S. spent a great deal of time developing new technologies for border monitoring and should be able to respond to Yushchenko's interest in this area if he wished to send a Ukrainian team to the United States. Yushchenko thanked Senator Gregg and asked his foreign policy adviser, Ambassador Kostyantyn Tymoshenko, to make arrangements with the Border Guards. Ukraine needed to develop a new concept of modern border management, Yushchenko stressed. The model could subsequently be applied to its eastern border (with Russia), which had never been demarcated fully and had never been a physical border.

Bio note -----

¶18. (C) Bio note: Yushchenko appeared to comprehend more English in this meeting than in the past, visibly reacting to comments in English, rather than waiting/relying on interpretation into Ukrainian. He also repeatedly interjected: "Yes, yes" and "Thank you" into the conversation and added: "Thank you for coming" as the Codel shook hands with him as they departed. The scale of the dioxin-induced chloracne on Yushchenko's face continues to subside, noticeably so on his forehead (less so on his cheeks and temples), though it would appear that significant scarring will remain.

¶19. (U) Codel Frist did not have an opportunity to clear this message.

¶20. (U) Visit Embassy Kiev's classified website at:
www.state.sgov.gov/p/eur/kiev.
Herbst